
100 LOCAL GOVERNMENT PROJECT FUNDING SOURCES AND COSTS

It is the policy of the Arizona Department of Transportation to distribute and allocate Federal-aid funds between ADOT and local governments in a fair and equitable manner consistent with Federal laws, guidelines and regulations. Funding sources available to local jurisdictions, as well as anticipated project costs to local jurisdictions, are detailed in the following sections. MPO/COG internal distributions are consistent with Federal directives and guidelines. The COGs/MPOs are responsible for management of both the federal funding apportionments and the funding obligation authority in the execution of their program. Distribution of apportionments and obligation authority within each region is at the discretion of the respective MPO/COG. Funds are distributed to MPOs by formula.

ADOT may transfer apportionments among program categories if shown to be beneficial to the state in meeting the objectives of the state or local transportation plans. ADOT is limited in transferring funds based on the federal guidelines established by FHWA. FHWA's policy for the transfer of funds are outlined in the Federal-aid Highway Program Characteristics guidelines.

110 PLANNING AND PROGRAMMING

111 Multi-Year Transportation Improvement Program

MPOs and COGs develop a multi-year transportation improvement program (TIP) in cooperation with the regional transportation Technical Advisory Committee (TAC) and Executive Board or Administration Committees with approval by the Regional Council in consultation with the ADOT Transportation Planning Division.

Projects selected for inclusion in the TIP are of the same type historically allowed, e.g., reconstruction, new construction, widening, and resurfacing. The emphasis of the TIP shall remain on the completion of transportation capital improvement projects and not maintenance type activities.

112 Regional Transportation Policy Plan

MPOs and COGs develop and maintain a regional transportation policy plan to strengthen the planning process with local entities. The process includes development of policy guidelines to address regional planning goals and objectives, the project selection process based on the plan, the types of projects encouraged in the region, the funding and matching share requirements, and roadway functional classification definitions.

The regional planning process is overseen by the regional TAC, or a separate planning committee, and the policy plan adopted by the Regional Council or Executive Board. The planning process is identified as part of the long range transportation plan for the MPO planning area.

113 Regional System Plan

The regional system plan is used to identify the regional transportation system and the important elements of each mode, including intermodal connections within the region. If not addressed in the regional transportation policy plan, the regional system plan should identify minimum construction standards for projects.

During development of updates of the regional system plan, a review of the current FHWA functional classification system is conducted. Federal functional classification definitions are used in the development of the regional system plan to identify routes for federal-aid eligibility. Using the definitions established in the regional transportation policy plan, additional routes known as area roads of local importance are identified and evaluated with ADOT for federal-aid eligibility.

Maps are prepared which identify all off-state system federal-aid eligible routes with technical assistance of ADOT. The system plan is developed in coordination by the regional TAC, with approval by ADOT and the Regional Council or Executive Board.

120 SURFACE TRANSPORTATION PROGRAM (STP)

Surface Transportation Program (STP) funds are allocated by the federal government to the state for construction, reconstruction, rehabilitation, resurfacing, restoration and operation improvements. Ten percent (10%) of STP funds are set-a-side for safety construction activities related to hazard elimination and rail-highway crossings, ten percent (10%) is set-a-side for transportation enhancements, fifty percent (50%, which is equal to 62.5% of the remaining 80%) of STP funds are allocated to urbanized areas over 200,000 in population and remaining areas of the state, and the remaining thirty percent (30% which is equal to 37.5% of the remaining 80%) can be used in any area of the state.

STP apportionments are distributed to the Maricopa Association of Governments and the Pima Association of Governments on the basis of respective Phoenix and Tucson Urbanized Area populations.

Local government projects using STP funds must be located on a roadway that meets federal functional classification requirements and is included in an approved list of routes for the appropriate MPO/COG. Each MPO/COG has a list of approved roadways that are eligible for federal funds participation. STP funded local government projects are eligible for funding at 94.3% maximum federal share and 5.7% minimum local share. The STP funds can be used for qualified design and right-of-way as well as construction activities.

121 Congestion Mitigation and Air Quality Improvement Program (CMAQ)

The Congestion Management System (CMS) is a federal requirement that is used in developing Transportation Improvement Programs (TIP). The CMS includes a qualitative policy element and a quantitative rating system for projects. The quantitative rating system includes factors related to congestion, multi-modal evaluation, land use considerations,

and cost effectiveness. Transportation projects that are included as part of and approved State Implementation Plan (SIP) or Non-attainment or Maintenance Area Plan must be given the highest priority for CMAQ funding. CMAQ projects are eligible for funding at 94.3% maximum federal share and 5.7% minimum local share. Currently 100 percent of CMAQ funds are allocated to MAG.

Projects must be in the approved State Transportation Improvement Program and include eligible activities such as:

- Transportation control measures to assist areas designated as nonattainment under the Clean Air Act Amendments of 1990,
- pedestrian/bicycles off-road or on-road facilities including modification of existing public walkways to comply with the Americans with disabilities Act,
- traffic management/monitoring/congestion relief strategies,
- transit,
- project development activities,
- and other transportation projects with air quality benefits.

Construction projects which add new capacity for single-occupancy vehicles do not qualify for CMAQ funding.

122 Highway Bridge Replacement and Rehabilitation Program (BR)

Highway Bridge Replacement and Rehabilitation Program (BR) funds are used for replacement of structurally deficient or functionally obsolete highway bridges or to rehabilitate the structural integrity of a bridge. An amount not less than 15% or greater than 35% of the total Bridge Replacement and Rehabilitation (BR) funds apportioned to Arizona are made available to local governments through a statewide “first come, first serve” basis each Federal fiscal year. The Bridge allocation does not carryover into the following fiscal year. ADOT Transportation Planning Division and ADOT Local Government Section should be contacted for availability of funds.

Any bridge in the State that is included in the Statewide Inventory of Bridges maintained by ADOT and is inspected on a regular interval either by ADOT or the local jurisdiction, and has a sufficiency rating below 50, is eligible for bridge replacement funds. Bridges with a sufficiency rating above 50 and below 80 qualify for bridge rehabilitation funds. Bridges with a sufficiency rating above 50 which are considered for replacement may be considered if the life-cycle analysis documents that it is more cost-effective to replace the bridge than rehabilitate it. Cost analysis for these bridges must be submitted to ADOT Local Government Section for approval. All projects should be selected in accordance with requirements described in ADOT’s Bridge Management Program. BR projects are eligible for funding at 80% maximum Federal share and 20% minimum local share. Funds are allocated to local jurisdictions on a “first come, first serve” basis. BR funds can be used for qualifying design and construction activities. A maximum federal participation of \$1,000,000 in BR funds is allowed per project.

Refer to section 400 of this manual for additional information on project eligibility and development.

123 Hazard Elimination System (HES)

Title 23, Section 152 and Section 133(d)(1) of the United States Code requires that 10% of funds apportioned to each State's Surface Transportation Program be set aside for safety improvements. In an effort to improve the safety of the entire surface transportation system, ADOT has set aside 25% of the safety funds for safety improvement projects on local government projects. These funds are available on a "first come, first serve" basis and do not carry over to subsequent years.

Approved safety improvement projects are eligible for funding at 94.3% maximum Federal safety funds and 5.7% minimum local funds. A maximum federal participation of \$500,000 in safety funds is allowed per project.

Additional information on safety funding eligibility and project development is provided in section 300 of this manual.

124 Railroad/Highway Grade Crossing (RR)

This federal program is available to improve highway safety at qualified public rail-highway grade crossing locations and is administered by the ADOT Utility & Railroad Engineering Section. Projects are funded 100% with federal funds through FHWA.

The ADOT's Traffic Engineering Section maintains a crossing survey which includes all public crossings. Each year representatives of the ADOT, the Arizona Corporation Commission (ACC) and the Federal Highway Administration (FHWA) select a group of crossings for field inspection, taking into account any recommendations from local government sponsors. A team consisting of representatives from the ADOT, the ACC, the FHWA, the railroad and the agency having jurisdiction over the road inspects each of the selected crossings and arrive at a consensus regarding improvements recommended for each crossing. The recommendations are compiled, and representatives of the ADOT, the ACC and the FHWA make a final selection of projects to be considered for the current Federal fiscal year, taking into account the amount of funds available. Utility and Railroad Engineering Section submits the projects for inclusion in the Statewide Transportation Improvement Program (STIP) to FHWA for approval.

Since the Average Daily Traffic count (ADT) is included in the crossing survey maintained by ADOT, it is important for local governments to keep Utility and Railroad Engineering Section apprised of changes in the current ADT for each crossing.

Local governments should submit a request to Utility and Railroad Engineering Section to initiate project development for a railroad crossing project. The Utility and Railroad Engineering Section will obtain a federal and ADOT TRACS project number for the project and monitor project development with the sponsoring agency and the railroad until the

project is ready for federal funds to be obligated. Additional information is available by contacting the to Utility and Railroad Engineering Section at 602-712-8694.

125 Transportation Enhancement (TEA)

Of the STP funds set aside for transportation enhancement projects, fifty percent (50%) is allocated to ADOT and fifty percent (50%) is allocated to local governments. Proposed enhancement projects are submitted for evaluation and selection annually. An enhancement project may be funded to a maximum of \$500,000.00 in federal enhancement funds.

Activities eligible for transportation enhancement funding include:

- PROVISION OF FACILITIES FOR PEDESTRIANS AND BICYCLES. This does not include typical construction elements of a roadway such as; travel lanes, traffic signals, etc.
- PROVISION OF SAFETY AND EDUCATIONAL ACTIVITIES FOR PEDESTRIANS AND BICYCLISTS. Activities must have a broad and preferably regional target audience.
- ACQUISITION OF SCENIC EASEMENTS OR HISTORIC SITES. The easements or sites must possess significant aesthetic natural, visual or open space values. Historic properties must be eligible or listed in the National Register of Historic Places)
- SCENIC OR HISTORIC HIGHWAY PROGRAMS (INCLUDING THE PROVISION OF TOURIST AND WELCOME CENTER FACILITIES). ADOT has in place a Parkways, Historic, and Scenic Roads Program. This program has a separate grant program for projects on those routes that have been designated by the State/ADOT. Any project under this activity must be on a State designated Scenic or Historic road.
- LANDSCAPING AND OTHER SCENIC BEAUTIFICATION. This is for primarily native and non-native plant landscaping activities. Site furniture such as benches, trash receptacles, etc. can be included. Stand-alone public art is not considered scenic beautification, however, some art can be included as part of a project but it is not eligible as a separate category under Transportation Enhancements. Public art has been included in the new Transit Enhancements funding program under the new TEA-21 legislation. Maintenance of landscaping does not qualify under this program.
- HISTORIC PRESERVATION. Any work under this category must have a strong transportation link either past, present or future.
- REHABILITATION OF HISTORIC TRANSPORTATION BUILDINGS, STRUCTURES, OR FACILITIES (INCLUDING HISTORIC RAILROAD FACILITIES AND CANALS).
- PRESERVATION OF ABANDONED RAILWAY CORRIDORS (INCLUDING THE CONVERSION AND USE THEREOF FOR PEDESTRIAN OR BICYCLE TRAILS).
- CONTROL AND REMOVAL OF OUTDOOR ADVERTISING.
- ARCHEOLOGICAL PLANNING AND RESEARCH.
- ENVIRONMENTAL MITIGATION TO ADDRESS WATER POLLUTION DUE TO HIGHWAY RUNOFF OR REDUCE VEHICLE-CAUSED WILDLIFE MORTALITY WHILE MAINTAINING HABITAT CONNECTIVITY.
- ESTABLISHMENT OF TRANSPORTATION MUSEUMS.

Additional information regarding eligibility, funding, and development of transportation enhancement projects is available from the ADOT Enhancement & Scenic Roads Section at 602-712-6258.

130 EMERGENCY RELIEF PROGRAM (ER)

Funding under this program has been established to aid Federal, State and local jurisdictions with unusually heavy expenses of repairing serious damage to Federal-aid roads resulting from natural disasters or catastrophic events from an external cause. The FHWA can provide up to \$100 million in ER funding for repairs to Federal highways and roads on Federal lands in a State for each natural disaster or catastrophic failure that is found eligible for funding under the ER program (commonly referred to as the \$100 million per State cap). For a large disaster that exceeds the \$100 million per State cap, Congress may pass special legislation lifting the cap for that disaster.

Eligible local government emergency repair work to restore essential travel, minimize the extent of damage, or protect the remaining facilities, accomplished in the first 180 days after the disaster occurs, may be reimbursed at 100 percent Federal share. During this 180-day period, permanent repair work is reimbursed at normal pro rata share unless it is performed as part of emergency repair work to restore essential travel, minimize the extent of damage, or protect remaining facilities.

In order for ER funds to be made available:

- A formal proclamation of the existence of a disaster must be made by the Governor,
- The President must make a formal declaration that a disaster has occurred, or
- The Governor must request that the President make such a decision.

If this proclamation/declaration requirement is satisfied, ADOT Local Government Section must then submit a request for FHWA to establish an ER project to cover the necessary repairs. This request needs to be supported by a brief report detailing the extent of the damage and a preliminary estimate of the cost of repairs, generally supported by Damage Survey Reports prepared by ADOT and FHWA staff. The total amount of damage must exceed \$500,000 for FHWA approval, unless there is very unusual and extenuating circumstances.

In general, the ER Program is intended to provide assistance when a State or local area has suffered widespread damage well beyond the capability of heavy maintenance and generally in excess of \$1 million. Normally, this would involve multiple sites instead of a single road or location.

Detailed eligibility information regarding ER funding for Federal-aid highways may be found in the publication titled "Emergency Relief Manual. Copies of this manual may be obtained from the FHWA Office of Program Administration (HIPA). Detailed information covering eligibility of repairs for roads on Federal lands may be found in the publication titled "Emergency Relief for Federally Owned Roads Disaster Assistance Manual". Copies



of this publication may be obtained from the FHWA Office of Program Development (HFPD).

140 HIGHWAY EXPANSION AND EXTENSION LOAN (HELP) PROGRAM

The Highway Expansion and Extension Loan Program (HELP) provides the state and its communities with an innovative financing mechanism to accelerate the funding of highway construction. This mechanism is referred to as a State Infrastructure Bank and was initially authorized by Congress in 1995. HELP was established and became effective August 21, 1998. HELP operates similar to a bank, providing financial assistance in the form of loans or credit enhancements for projects.

Applications for loans are accept by ADOT, reviewed, approved and awarded several times a year. Eligible borrowers include any political subdivision, the state or its agencies, and Indian Tribes.

Projects must be on the Federal-aid System, National Highway System, State Highway System, or designated as a state route. The project must be included in either the ADOT Highway Construction Program or in the Transportation Improvement Program (TIP) of a MPO/COG as described in A.R.S. 28-767 I (2).

All phases of construction projects (design, right-of-way, and construction) are eligible for financial assistance. The minimum amount of financial assistance that will be awarded is \$250,000.

Additional information is available on the ADOT web site or from the HELP Program at 602-712-8036.

150 HIGHWAY USER REVENUE FUND (HURF) EXCHANGE PROGRAM

The HURF Exchange Program became effective on October 1, 1997 and was extended to Maricopa and Pima counties during the FY 2000 Legislative session. The HURF Exchange Program allows the various COGs and MPOs to exchange a portion of their Federal-aid Highway funds to ADOT in exchange for HURF funds for eligible highway projects. The statutory reference for the exchange program:

ARS 28-6993-G "The department may exchange monies distributed to the state highway fund pursuant to section 28-6538, subsection A, paragraph 1 for local government surface transportation program federal monies sub-allocated to councils of government and metropolitan planning organizations if the local government scheduled to receive the federal monies concurs. An exchange of state highway fund monies pursuant to this subsection shall be in an amount that is at least equal to ninety percent of the federal obligation authority that exists in the project for which the exchange is proposed."

HURF exchange procedures are detailed in section 600 of this manual.

160 LOCAL JURISDICTION PROJECT COSTS

Local jurisdictions are responsible for partial funding and costs associated with Federal-aid funded projects. In addition to the local jurisdiction's share of design, right-of-way and construction costs, the local jurisdiction must transmit sufficient funds to ADOT prior to any ADOT activity on a local government project to cover the cost of ADOT technical review. ADOT can not charge any local government project time and costs to State budgets, consequently, the technical review costs must be recovered from the local jurisdiction. In 1991, the review cost was established at a minimum submittal of \$5,000; however, due to increases in review costs and more extensive review requirements, this "up front" cost has been increased to a minimum \$10,000. Some projects may require a larger amount. Unused monies is returned to the local jurisdiction at the conclusion of the project activity.

Local government projects administered under the Certification Acceptance program incur a lesser ADOT review cost and will require a deposit of \$3,000 per project.

When preparing project cost estimates and budgeting forecasts, local jurisdictions should add 15% costs to construction costs for construction administration and 5% for contingency to cover change orders during construction. These costs are eligible for federal reimbursement at the pro rata rate for the project type.